



Money market instruments

This document contains information about the properties of money market products and informs you about potential benefits and risks of this class of products. These principles can support you in your investment decisions. Please contact your Client Advisor if you would like further information or have any questions.

General Information

Money market instruments are short-term, low-risk capital investments. The term is freely selectable and can vary from one day to one year. The interest rate is usually defined when the investment is concluded.

Types of money market investments

Money market investments can be transacted in the name of the investor (e.g. time deposits or call money) or as debt securities (securitized liabilities such as treasury bills). BKB or a different bank can be the counterparty.

Fiduciary investments are made on the account and at the risk of the investor but in the name of BKB at foreign banks. The fiduciary agreement forms the basis for this. Income from such foreign investments are not subject to Swiss withholding tax but may then be subject to EU interest taxation.

Potential benefits

Short-term availability: With respect to the availability, a distinction is made between call money (indefinite term until cancellation by the investor) and time deposits (fixed term and no early termination).

Tradability: Securitized money market investments may be traded on the exchange and off-exchange before the maturity date.

Flexible term: The term is freely selectable and can vary from one day to one year.

Interest income: The interest rate for time deposits is defined when the investment is concluded. Call money has a variable interest rate that is determined daily.

Deposit guarantee: In Switzerland, money market investments are protected within the framework of legal regulations and/or limits. This does not apply to securitized money market investments and fiduciary investments.

Potential risks

Counterparty risk: In the event that the counterparty – that is, BKB or other bank – should be unable to pay, the investor may suffer a partial or total loss of the invested capital.

Interest-change risk: The value of the securitized money market products may decrease during the term (e.g., due to changes in the interest rate level).

Liquidity risk: The investor bears the risk that the money market investment must be held until the end of the term in an illiquid market or sold before maturity at an unfavourable price.

Foreign currency risk: If the investment is listed in a different currency from the local currency of the investor, there is a risk that fluctuations in the exchange rate will decrease the value of the investment from the investor's perspective. It is possible that the price gains of an investment result in a total loss for the investor due to exchange rate changes. Exchange rates can fluctuate substantially.

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